

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

CASE NAME: SAM KANE BEEF PROCESSORS, LLC
CASE NUMBER: 19-20020

PETITION DATE: January 22, 2019

MONTHLY OPERATING REPORT SUMMARY for MAY 2019*

MONTH	Jan 22-31, 2019	Feb-2019	Mar-2019	Apr-2019	May-2019
REVENUES (MOR-6)	4,124,345.27	677,775.17	0.00	0.00	0.00
INCOME BEFORE INT.; DEPREC./TAX (MOR-6)	2,278,314.46	-432,658.32	-33,230.63	-266.16	-96.79
NET INCOME (LOSS) (MOR-6)	1,541,496.58	-794,756.30	-250,967.93	-116,235.02	-135,319.65
PAYMENTS TO INSIDERS (MOR-9)	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	80,000.00	98,735.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS (MOR-7)	1,846,030.81	1,110,433.49	772,443.02	266.16	40,096.79

***The original of this document must be filed with the United States Bankruptcy Court**

REQUIRED INSURANCE MAINTAINED	EXP.
AS OF SIGNATURE DATE	DATE

Are all accounts receivable being collected within terms?

Yes ☐ No ☒

Are all post-petition liabilities, including taxes, being paid within terms?

Yes ☐ No ☒

Have any pre-petition liabilities been paid?

Yes ☐ No ☒

If so, describe

Are all funds received being deposited into DIP bank accounts?

Yes ☒ No ☐

Were any assets disposed of outside the normal course of business?

Yes ☐ No ☒

If so, describe

Are all U.S. Trustee Quarterly Fee Payments current?

Yes ☐ No ☒

What is the status of your Plan of Reorganization?

TBD ☐

ATTORNEY NAME: Matt Okin, David Curry
FIRM NAME: Okin & Adams
ADDRESS: 1113 Vine Street
Suite 201
CITY, STATE, ZIP: Houston, TX 77002
TELEPHONE/FAX: (713) 228-4100

I certify under penalty of perjury that the following complete
Monthly Operating Report (MOR), consisting of MOR-1 through
MOR-9 plus attachments, is true and correct.

SIGNED

(ORIGINAL SIGNATURE)

TITLE: Sole Member

Richard S. Schmidt
(PRINT NAME OF SIGNATORY)

7/5/2019
DATE

***General Note:** This document has been filed by Richard S. Schmidt, the federal court receiver (the "Receiver"). The Receiver's signature on this document should, in no way, be considered a testament to the truth or validity of the information contained herein. The Receiver has created this document solely based on the information available to him in his capacity as federal court receiver of Sam Kane Beef Processors, LLC. The Receiver has taken great care to verify the information to the extent feasible, however, the Receiver could not, and cannot verify all information contained herein. Creditors and parties in interest are cautioned to NOT RELY on the information contained in these documents.

NOTES:

MOR-1

Revised 07/01/98

CASE NAME: SAM KANE BEEF PROCESSORS, LLCCASE NUMBER: 19-20020**COMPARATIVE BALANCE SHEETS**

ASSETS	FILING DATE ¹ January 22, 2019	MONTH January 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019	MONTH
CURRENT ASSETS							
Petty Cash	\$0.00	0.00	0.00	0.00	0.00	0.00	
Cash	3,558,439.86	8,279,946.16	16,717,568.56	16,871,326.50	16,871,060.34	16,830,983.55	
Accounts Receivable, Net [2]	22,213,991.70	15,006,163.56	1,812,731.78	0.00	0.00	0.00	
Inventory: Lower of Cost or Market	7,864,398.68	3,740,053.41	0.00	0.00	0.00	0.00	
Security Deposit	0.00	0.00	0.00	0.00	0.00	0.00	
Prepaid Expenses / Deposits	5,519,206.08	5,519,206.08	5,519,206.08	5,519,206.08	5,519,206.08	5,519,206.08	
Due from Affiliate	0.00	0.00	0.00	0.00	0.00	0.00	
Retainers	0.00	0.00	0.00	0.00	0.00	0.00	
Insurance Bond	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL CURRENT ASSETS	39,156,036.32	32,545,369.21	24,049,506.42	22,390,532.58	22,390,266.42	22,350,189.63	0.00
PROPERTY, PLANT & EQUIP. @ COST	39,355,047.93	39,355,047.93	0.00	0.00	0.00	0.00	
Less Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	
NET BOOK VALUE OF PP & E	39,355,047.93	39,355,047.93	0.00	0.00	0.00	0.00	0.00
OTHER ASSETS							
1. Officer Loans	893,389.32	893,389.32	893,389.32	893,389.32	893,389.32	893,389.32	
2. Marquette Reserve Hold	4,813,516.66	4,813,516.66	4,813,516.66	4,813,516.66	4,813,516.66	4,813,516.66	
3. Other	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL ASSETS	\$84,217,990.23	\$77,607,323.12	\$29,756,412.40	\$28,097,438.56	\$28,097,172.40	\$28,057,095.61	\$0.00

NOTES:

[1] Per Schedules and Statement of Financial Affairs created from the Debtor's books and records.

[2] - During March 2019, the Debtor was ordered to transfer any A/ R collections (and all outstanding A/R) to UMB-Marquette.

MOR-2

CASE NAME: SAM KANE BEEF PROCESSORS, LLCCASE NUMBER: 19-20020**COMPARATIVE BALANCE SHEETS**

LIABILITIES & OWNER'S EQUITY	FILING DATE¹ January 22, 2019	MONTH January 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019	MONTH
LIABILITIES							
POST-PETITION LIABILITIES(MOR-4)	0.00	736,817.88	362,097.98	217,737.30	115,968.86	95,222.86	
PRE-PETITION LIABILITIES							
Notes Payable and Other Secured Debt	54,568,624.59	54,568,624.59	48,068,624.59	48,068,624.59	48,068,624.59	48,068,624.59	
Priority Debt	6,635.19	6,635.19	6,635.19	6,635.19	6,635.19	6,635.19	
Federal Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	
FICA/Withholding	0.00	0.00	0.00	0.00	0.00	0.00	
Unsecured Debt	48,007,799.47	48,007,799.47	48,007,799.47	48,007,799.47	48,007,799.47	48,007,799.47	
TOTAL PRE-PETITION LIABILITIES	102,583,059.25	102,583,059.25	96,083,059.25	96,083,059.25	96,083,059.25	96,083,059.25	0.00
TOTAL LIABILITIES	102,583,059.25	103,319,877.13	96,445,157.23	96,300,796.55	96,199,028.11	96,178,282.11	0.00
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK	0.00	0.00	0.00	0.00	0.00	0.00	
COMMON STOCK	0.00	0.00	0.00	0.00	0.00	0.00	
CAPITAL	-18,365,069.02	-18,365,069.02	-18,365,069.02	-18,365,069.02	-18,365,069.02	-18,365,069.02	
RETAINED EARNINGS: Filing Date	0.00	0.00	0.00	0.00	0.00	0.00	
RETAINED EARNINGS: Post Filing Date	0.00	-7,347,484.99	-48,323,675.81	-49,838,288.97	-49,736,786.69	-49,756,117.48	
TOTAL OWNER'S EQUITY (NET WORTH)	-18,365,069.02	-25,712,554.01	-66,688,744.83	-68,203,357.99	-68,101,855.71	-68,121,186.50	0.00
TOTAL LIABILITIES & OWNERS EQUITY	\$84,217,990.23	\$77,607,323.12	\$29,756,412.40	\$28,097,438.56	\$28,097,172.40	\$28,057,095.61	\$0.00

NOTES:

[1] Per Schedules and Statement of Financial Affairs created from the Debtor's books and records.

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CASE NAME: SAM KANE BEEF PROCESSORS, LLC
CASE NUMBER 19-20020

SCHEDULE OF POST-PETITION LIABILITIES

	MONTH January 22, 2019	MONTH January 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019
TRADE ACCOUNTS PAYABLE	0.00	301,914.04	28,700.32	0.00	0.00	0.00
TAX PAYABLE						
Federal Payroll Taxes	0.00	0.00	0.00	0.00	0.00	0.00
State Payroll Taxes	0.00	0.00	0.00	0.00	0.00	0.00
Ad Valorem Taxes	0.00	0.00	0.00	0.00	0.00	0.00
Sales Taxes	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TAXES PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00
SECURED DEBT POST-PETITION	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED INTEREST PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PROFESSIONAL FEES ¹	0.00	434,903.84	333,397.66	217,737.30	115,968.86	95,222.86
OTHER ACCRUED LIABILITIES						
1.						
2.						
3.						
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$0.00	\$736,817.88	\$362,097.98	\$217,737.30	\$115,968.86	\$95,222.86

Note:

[1] Professional fees include: The Claro Group (\$459K), Okin Adams (\$420K), Gordian Group (\$258K) and R. Schmidt (\$60K).

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Revised 07/01/98

CASE NAME: SAM KANE BEEF PROCESSORS, LLC
CASE NUMBER: 19-20020

AGING OF POST-PETITION LIABILITIES
As of MAY 31, 2019

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	PROFESSIONAL FEES
0-30	95,222.86	0.00	0.00	0.00	0.00	95,222.86
31-60	115,968.86	0.00				115,968.86
61-90	246,437.62	28,700.32				217,737.30
91+	1,070,215.54	301,914.04				768,301.50
TOTAL	\$1,527,844.88	\$330,614.36	\$0.00	\$0.00	\$0.00	\$1,197,230.52

AGING OF ACCOUNTS RECEIVABLE

MONTH	January 2019	February 2019	March 2019 [2]	April 2019 [2]	May 2019 [2]	
0-30 DAYS	4,124,345.27	677,775.17	0.00	0.00	0.00	
31-60 DAYS	10,881,818.29	1,134,956.61	0.00	0.00	0.00	
61-90 DAYS	0.00	0.00	0.00	0.00	0.00	
91+ DAYS	0.00	0.00	0.00	0.00	0.00	
TOTAL	\$15,006,163.56	\$1,812,731.78	\$0.00	\$0.00	\$0.00	\$0.00

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Revised 07/01/98

Note:

[1] Professional fees include: The Claro Group (\$459K), Okin Adams (\$420K), Gordian Group (\$258K) and R. Schmidt (\$60K).

[2] - During March 2019, the Debtor was ordered to transfer any A/ R collections (and all outstanding A/R) to UMB-Marquette.

CASE NAME: SAM KANE BEEF PROCESSORS, LLCCASE NUMBER: 19-20020**STATEMENT OF INCOME (LOSS)**

	MONTH Jan 22-31, 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019	FILING TO DATE
REVENUES (MOR-1)	4,124,345.27	677,775.17	0.00	0.00	0.00	4,802,120.44
TOTAL COST OF REVENUES	0.00	0.00	0.00	0.00	0.00	0.00
GROSS PROFIT	4,124,345.27	677,775.17	0.00	0.00	0.00	4,802,120.44
OPERATING EXPENSES:						
PAYROLL - WAGES, TAXES, WITHOLDINGS	933,820.98	319,783.89	16,107.80	0.00	0.00	1,269,712.67
BANK FEES	292.98	5,160.29	467.04	266.16	96.79	6,283.26
ENVIRONMENTAL/WASTE ISSUES	48,878.10	125,431.84	3,000.00	0.00	0.00	177,309.94
EQUIPMENT RENTALS - LEASES	3,603.35	3,405.55	0.00	0.00	0.00	7,008.90
UTILITIES & TELEPHONE/IT	181,798.67	12,427.01	0.00	0.00	0.00	194,225.68
INSURANCE	37,302.92	420,579.77	13,370.40	0.00	0.00	471,253.09
PACKING AND PLANT SUPPLIES	180,495.00	19,074.31	0.00	0.00	0.00	199,569.31
FOOD SAFETY AND TESTING	3,569.08	0.00	0.00	0.00	0.00	3,569.08
TRANSPORTATION/FREIGHT	87,810.00	280,238.80	0.00	0.00	0.00	368,048.80
REPAIRS & MAINTENANCE	1,213.31	3,043.73	0.00	0.00	0.00	4,257.04
GENERAL & ADMINISTRATIVE	2,114.93	8,399.29	0.00	0.00	0.00	10,514.22
OFFICE SUPPLIES/EXPENSES	3,385.28	2,343.59	0.00	0.00	0.00	5,728.87
HEALTH CLINIC	10,619.98	0.00	0.00	0.00	0.00	10,619.98
OTHER EXPENSES	39,126.23	88,920.61	285.39	0.00	0.00	128,332.23
PAYMENTS TO INSIDERS (See MOR 9)	0.00	0.00	0.00	0.00	0.00	0.00
PROFESSIONAL FEES	312,000.00	-178,375.19	0.00	0.00	0.00	133,624.81
OTHER ACCRUED EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	1,846,030.81	1,110,433.49	33,230.63	266.16	96.79	2,990,057.88
INCOME BEFORE INT, DEPR/TAX (MOR-1)	\$2,278,314.46	(\$432,658.32)	(\$33,230.63)	(\$266.16)	(\$96.79)	1,812,062.56
INTEREST EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION [1]	0.00	0.00	0.00	0.00	0.00	0.00
OTHER (INCOME) EXPENSE*	0.00	0.00	0.00	0.00	40,000.00	40,000.00
OTHER ITEMS**	736,817.88	362,097.98	217,737.30	115,968.86	95,222.86	1,527,844.88
TOTAL INT, DEPR & OTHER ITEMS	736,817.88	362,097.98	217,737.30	115,968.86	135,222.86	1,567,844.88
NET INCOME BEFORE TAXES	\$1,541,496.58	(\$794,756.30)	(\$250,967.93)	(\$116,235.02)	(\$135,319.65)	244,217.68
TAXES	0.00	0.00	0.00	0.00	0.00	0.00
NET INCOME (LOSS) (MOR-1)	\$1,541,496.58	(\$794,756.30)	(\$250,967.93)	(\$116,235.02)	(\$135,319.65)	\$244,217.68

NOTES:

[1] Depreciation expense was not determined.

** Includes Accrued Professional Fees

MOR-6

Revised 07/01/98

CASE NAME: SAM KANE BEEF PROCESSORS, LLCCASE NUMBER: 19-20020**CASH RECEIPTS AND DISBURSEMENTS**

	MONTH Jan 22-31, 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$3,558,439.86	\$8,279,946.16	\$16,717,568.56	\$16,871,326.50	\$16,871,060.34	\$3,558,439.86
RECEIPTS:						
2. SALES	0.00	0.00	0.00	0.00	0.00	0.00
3. COLLECTION OF ACCOUNTS RECEIVABLE	6,567,537.11	8,198,055.89	775,175.57	0.00	0.00	15,540,768.57
4. LOANS & ADVANCES (attach list)	0.00	0.00	0.00	0.00	0.00	0.00
5. SALE OF ASSETS	0.00	1,350,000.00	150,000.00	0.00	0.00	1,500,000.00
6. COMMISSIONS, VENDOR CREDIT & OTHER INCOME	0.00	0.00	1,025.39	0.00	20.00	1,045.39
TOTAL RECEIPTS	6,567,537.11	9,548,055.89	926,200.96	0.00	20.00	17,041,813.96
DISBURSEMENTS:						
7. PAYROLL - WAGES, TAXES, WITHOLDINGS	933,820.98	319,783.89	16,107.80	0.00	0.00	1,269,712.67
8. BANK FEES	292.98	5,160.29	467.04	266.16	96.79	6,283.26
9. ENVIRONMENTAL/WASTE ISSUES	48,878.10	125,431.84	3,000.00	0.00	0.00	177,309.94
10. EQUIPMENT RENTALS - LEASES	3,603.35	3,405.55	0.00	0.00	0.00	7,008.90
11. UTILITIES & TELEPHONE/IT	181,798.67	12,427.01	0.00	0.00	0.00	194,225.68
12. INSURANCE	37,302.92	420,579.77	13,370.40	0.00	0.00	471,253.09
13. PACKING AND PLANT SUPPLIES	180,495.00	19,074.31	0.00	0.00	0.00	199,569.31
14. FOOD SAFETY AND TESTING	3,569.08	0.00	0.00	0.00	0.00	3,569.08
15. TRANSPORTATION/FREIGHT	87,810.00	280,238.80	0.00	0.00	0.00	368,048.80
16. REPAIRS & MAINTENANCE	1,213.31	3,043.73	0.00	0.00	0.00	4,257.04
17. GENERAL & ADMINISTRATIVE	2,114.93	8,399.29	0.00	0.00	0.00	10,514.22
18. OFFICE SUPPLIES/EXPENSES	3,385.28	2,343.59	0.00	0.00	0.00	5,728.87
19. HEALTH CLINIC	10,619.98	0.00	0.00	0.00	0.00	10,619.98
20. OTHER EXPENSES	39,126.23	88,920.61	285.39	0.00	0.00	128,332.23
21. PAYMENTS TO INSIDERS (See MOR 9)	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS FROM OPERATIONS	1,534,030.81	1,288,808.68	33,230.63	266.16	96.79	2,856,433.07
22. PROFESSIONAL FEES - see Appendix A	312,000.00	-178,375.19	0.00	0.00	0.00	133,624.81
23. U.S. TRUSTEE FEES	0.00	0.00	0.00	0.00	0.00	0.00
24. OTHER REORGANIZATION EXPENSES (attach list)	0.00	0.00	739,212.39	0.00	40,000.00	779,212.39
TOTAL DISBURSEMENTS**	1,846,030.81	1,110,433.49	772,443.02	266.16	40,096.79	3,769,270.27
25. NET CASH FLOW	4,721,506.30	8,437,622.40	153,757.94	-266.16	-40,076.79	13,272,543.69
26. CASH - END OF MONTH (MOR-2)	\$8,279,946.16	\$16,717,568.56	\$16,871,326.50	\$16,871,060.34	\$16,830,983.55	\$16,830,983.55

NOTES:

** To MOR 1

24. OTHER REORGANIZATION EXPENSES - The payment of \$739,212.39 was made to Nueces County for taxes after sale of PP&E.

24. OTHER REORGANIZATION EXPENSES - The payment of \$40,000.00 was made to Fronteo for forensic data capture.

MOR-7

Revised 07/01/98

CASE NAME: SAM KANE BEEF PROCESSORS, LLC
CASE NUMBER: 19-20020

CASH ACCOUNT RECONCILIATION

As of MAY 31, 2019

BANK NAME	BBVA Compass	BBVA Compass	BBVA Compass	BBVA Compass	Charter Bank	Charter Bank	Charter Bank	Charter Bank	Charter Bank	BBVA Compass	BBVA Compass	Wells Fargo	Wells Fargo	Wells Fargo	UMB (1)	
ACCOUNT NUMBER (last 4 digits)	9536	9358	9749	0163	4174	3091	4208	9248	3561	7636	9785	8727	8701	0492		
ACCOUNT TYPE	Trade	Checking	Checking	Checking	Checking	Checking	Checking	Checking	Checking	Checking	Checking	DIP-Checking	DIP-Checking	DIP-Checking	Marquette	TOTAL
BANK BALANCE	\$ -	\$ -	\$ -	\$ (0.00)	\$ 431.77	\$ (397.44)	\$ 3.46	\$ (62.57)	\$ -	\$ 3,000,000.00	\$ -	\$ 189.98	\$ 647,587.61	\$ 12,489,380.20	\$ 693,850.54	\$ 16,830,983.55
DEPOSITS IN TRANSIT																0.00
OUTSTANDING CHECKS																0.00
ADJUSTED BANK BALANCE	\$ -	\$ -	\$ -	\$ (0.00)	\$ 431.77	\$ (397.44)	\$ 3.46	\$ (62.57)	\$ -	\$ 3,000,000.00	\$ -	\$ 189.98	\$ 647,587.61	\$ 12,489,380.20	\$ 693,850.54	\$ 16,830,983.55
BEGINNING CASH - PER BOOKS	\$ -	\$ -	\$ -	\$ (0.00)	\$ 471.74	\$ (374.90)	\$ 3.46	\$ (42.29)	\$ -	\$ 3,000,000.00	\$ -	\$ 203.98	\$ 647,587.61	\$ 12,529,360.20	\$ 693,850.54	\$ 16,871,060.34
RECEIPTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	20.00
TRANSFERS BETWEEN ACCOUNTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00	0.00	(40,000.00)	0.00	0.00
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MOR-2																0.00
CHECKS/OTHER DISBURSEMENTS	0.00	0.00	0.00	0.00	(39.97)	(22.54)	0.00	(20.28)	0.00	0.00	0.00	(40,014.00)	0.00	0.00	0.00	(40,096.79)
ENDING CASH - PER BOOKS	\$ -	\$ -	\$ -	\$ (0.00)	\$ 431.77	\$ (397.44)	\$ 3.46	\$ (62.57)	\$ -	\$ 3,000,000.00	\$ -	\$ 189.98	\$ 647,587.61	\$ 12,489,380.20	\$ 693,850.54	\$ 16,830,983.55

Note:

[1] - During March 2019, the Debtor was ordered to transfer any A/ R collections (and all outstanding A/R) to UMB-Marquette.

MOR-8

CASE NAME: SAM KANE BEEF PROCESSORS, LLC
CASE NUMBER: 19-20020

PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS: NAME/COMP TYPE	MONTH Jan 22-31, 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019	MONTH
TOTAL INSIDERS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

PROFESSIONALS	MONTH Jan 22-31, 2019	MONTH February 2019	MONTH March 2019	MONTH April 2019	MONTH May 2019	MONTH
1. Richard S. Schmidt, Sole Member	0.00	98,735.00	0.00	0.00		
2. Okin & Adams LLP	20,000.00	0.00	0.00	0.00		
3. The Claro Group	60,000.00	0.00	0.00	0.00		
4. Gordian Group	0.00	0.00	0.00	0.00		
TOTAL PROFESSIONALS (MOR-1)	\$80,000.00	\$98,735.00	\$0.00	\$0.00	\$0.00	\$0.00

NOTES: The professionals payments made in Jan-Feb were made after approval by the Court.

MOR-9

Revised 07/01/98